

USCINCEUR
1997 Quality of Life Conference

*Serving the **Best Customers** in the World*

Brigadier General Kathryn G. Carlson
Deputy Commander
Army & Air Force Exchange Service



The AAFES Mission

- Provide Quality Merchandise and Services of Necessity and Convenience to Authorized Patrons at Uniformly Low Prices
- Generate Reasonable Earnings to Supplement Appropriated Funds for the Support of Army and Air Force Morale, Welfare and Recreation Programs



OK, AAFES, ...



What have you done for me lately?

Well, ...



1996 - A Banner Year

	<u>WorldWide</u>	<u>Europe</u>
Direct Sales	\$ 6,287.5 M	\$ 1,147.6 M
Earnings	\$ 347.7 M	\$ 84.5 M

Worldwide Dividend: \$ 224.1 Million



Scorecard:

AAFES 647 Service Units
Wal-Mart 0

Support to OJE/OJG

Bosnia

10 DOX-T's
14 Food Operations
71 Service Operations
301 telephones

Croatia

3 DOX-T's
1 Popeyes
24 Service Operations
15 Telephones

Hungry

4 DOX-T's
12 Food Operations
96 Service Operations
96 Telephones



Support to the Family

Largest Employer of DoD Family Members

3,941 Mil Family Members

959 Off-Duty Military

\$110 million in salaries

School Lunch Program

275,000 Meals annually

Break Even Operation

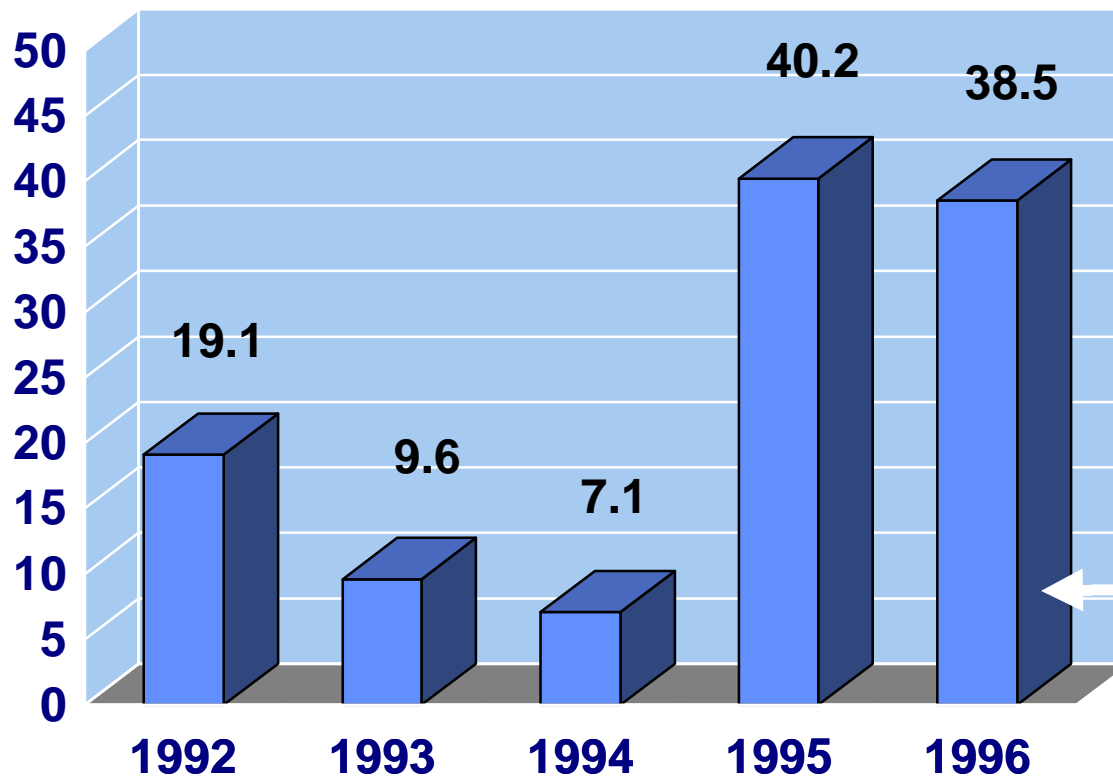
Bonus Bucks

\$4.2 Million direct savings to Europe customers



Facility Investment

Millions Spent in Europe by Year



62 Projects
From
\$25K
Box Office Videos
to
\$7.7M
Shopping Center
in Vicenza

~~What have you done for me lately?~~

Yeah, great. But now ...

What will you do for me next?



First, we asked you ...

Customer Satisfaction Survey

120 Stores Worldwide

89 in CONUS

21 in Europe

10 in the Pacific

Asked About 19 Areas

Associate Courtesy / Associate Helpfulness

Associate Knowledge / Service Mindedness

One-Stop Shopping / Refunds

Ease of Access / Store Environment

Ease of Getting Around / Ease of Finding Things

Merchandise Selection / Merchandise Availability

Associate Availability / Pricing

Checkout / Special Services

Sales Flyers / Compared to Competition

Part of the Community



Here's what you told us ...

KEY AREAS

CONUS

EUROPE

PACIFIC

Merchandise Selection
Compared to Other Stores
Pricing
Merchandise Availability
Service Mindedness
One-Stop Shopping
Sales Flyers

X
X
X

X
X
X
X
X
X
X

X
X
X
X
X



Merchandise Selection/Availability

Lower Price Points

Softlines Expansion

Sales-Based Replenishment

Special Buys



Pricing

Permanent Reductions --

extra value



Temporary Reductions and
Special Buys --

oneHOTprice



AAFES

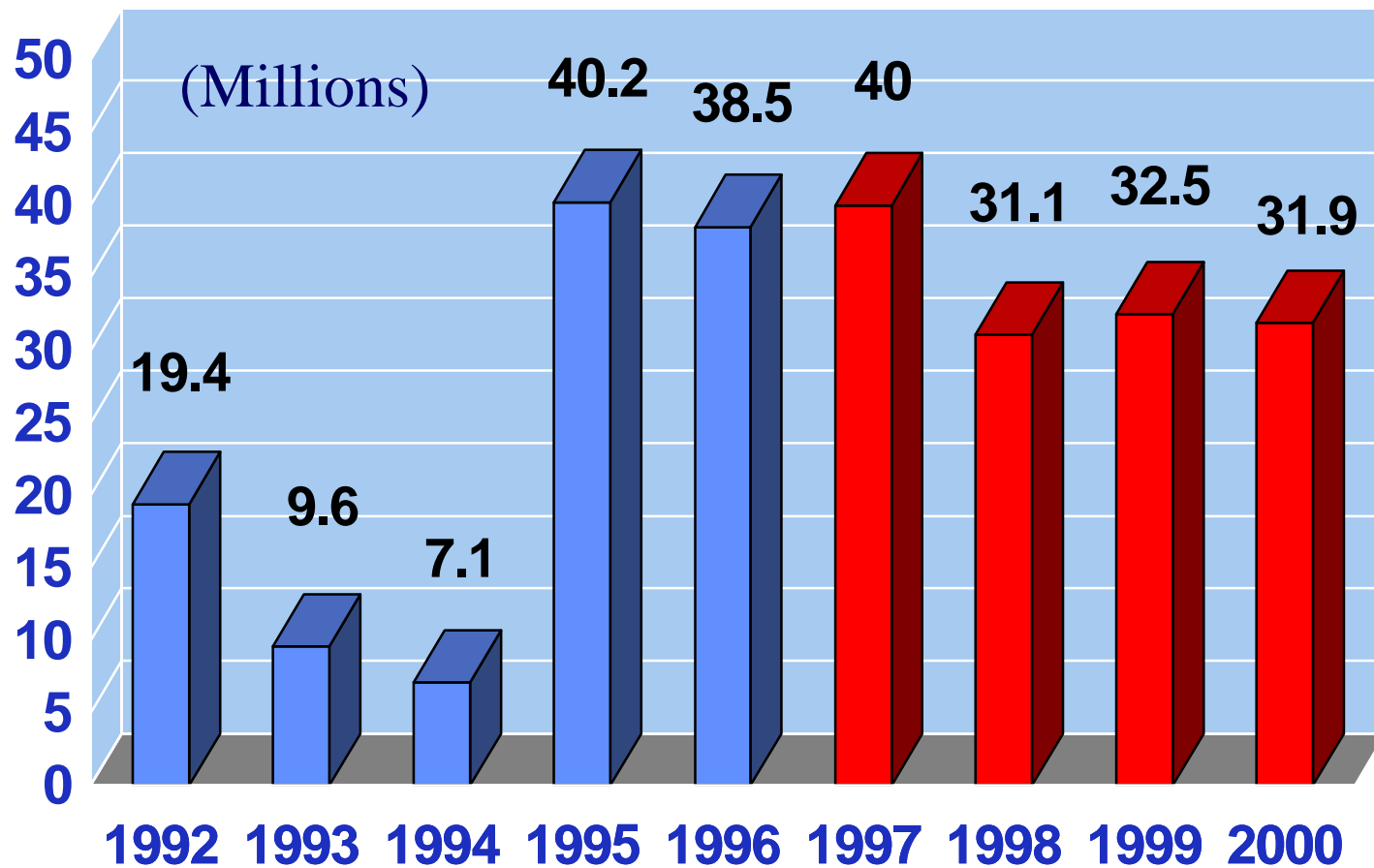
Service and Communications

- Internet Ordering -- Toll-Free Catalog
 - Associate Training
 - Product Information Displays
 - Sales Flyers
 - “Compare To” Signs



Facility Upgrades

Improving Service and One-Stop Shopping



Facility Upgrades (cont.)

Here are some of the major projects planned for 1997:

<u>Location</u>	<u>Project</u>	<u>Millions</u>
Baumholder	A/C PX (Phase 2)	\$1.0
Ramstein	A/C PX (Phase 2)	\$2.0
Vogelweh	A/C Renovate BX (Phase 2)	\$2.2
Vogelweh	Expand/Renov AC Food Court	\$1.7
Vogelweh	Power Zone / Sports Store	\$3.0
Hanau	HVAC Upgrade	\$1.2
Wuerzberg	Shoppette/Gas/Class6	\$3.5
Bitburg	AC / Renovate BX Shop Ctr	\$4.7
Spinelli	Activate ODL/Toys/Furn	\$2.0
Pulaski	Shoppette/Gas/BoxOfcVideo	\$4.0



The AAFES Vision

**To be our customers' first choice
by providing high quality goods
and services at low prices and at
the lowest cost.**





*A part of your benefits ...
A part of your life*